

# The global funds taking the biggest bets on the UK heading into Article 50

FE Trustnet seeks out the funds listed in the IA Global sectors that have high weightings in UK equities versus the MSCI World index.

By [Jonathan Jones](#), Reporter, FE Trustnet  
Monday April 03, 2017

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[Jupiter Global Equities I](#), [HL Multi Manager Special Situations](#) and [McInroy & Wood Smaller Companies](#) are among the global funds with the highest weighting to the UK as it prepares to exit the EU.

UK stocks currently represent just 6 per cent of the benchmark MSCI World index yet a significant number of global equities funds remain overweight.

Of the 265 funds in the IA Global and Global Equity Income sectors with any exposure to the UK (above 0.0 per cent), 42 have more than 20 per cent invested in the UK.



Last week, the UK government triggered Article 50 – the mechanism for exiting the EU – following last June's referendum result, which saw 17.4m people vote to leave the bloc against 16.1m 'Remainers'.

## Performance of indices since EU referendum



23/06/2016 - 29/03/2017 Data from FE 2017

Source: [FE Analytics](#)

Since the vote, the FTSE All Share index has rallied returning 18.21 per cent to investors despite an initial fall of more than 7 per cent in the first few days after the result.

However, the market has significantly lagged the broader MSCI World and the top performing S&P 500 index over the period, as the above graph shows.

This is largely due to the fall in sterling, as the UK currency tumbled in the aftermath of the vote and weakened further as uncertainty over a future trade agreement has increased. Sterling has remained low since the result and is currently down 16.03 per cent versus the US dollar.

Peter Hensman, global strategist and member of the real return team at Newton Investment Management, said in a [previous article](#): "While the value of sterling has already fallen considerably, more belligerence in the early skirmishes between the two sides could well see the value of the pound slip further, especially if fears mount that no deal will be forthcoming."

With this acting as a potential headwind to the prospects of the UK economy and more domestic-focused stocks, some of the large international companies could ultimately benefit from a further fall in sterling.

With uncertainty likely to remain as exit talks begin behind closed doors, below FE Trustnet looks at the funds with the highest exposure to the UK.

The global fund with the highest UK allocation overall is the £4m [HC Charteris Global Macro](#) run by [Ian Williams](#) and Terry Farrow, which has a 61.2 per cent weighting to the UK.

1 2 3 Next

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Previous 1 2 3 Next

However, the largest fund on the list is FE Alpha Manager Nick Train's £2.2bn Lindsell Train Global Equity, which has a 26.4 per cent weighting to UK stocks.

Funds in global sectors with 20 highest UK weightings

Fund name	UK Weighting (%)
HC Charteris Global Macro	62
FP Matterley UK & International Growth	54.7
CF Adam Worldwide	52.5
BlackRock NURS II Global Equity	50.05
Royal London GMAP Dynamic	49.6
Lazard Managed Equity	49.1
Carvetian Capital	46
HL Multi Manager Special Situations	43.8
SF Metropolis Value	38.31
TM UBS (UK) Global Equity	38
SVS Brown Shipley Dynamic	34.4
TM Overstone UCITS Equity Income	33.4
Jupiter Global Equities	31.81
McInroy & Wood Smaller Companies	30.69
SVM World Equity	28.2
Neptune Global Income	27.4
Lindsell Train Global Equity	26.4
Stan Life Wealth Falcon	26.3
Morgan Stanley Global Brands	26.2
Stonehage Fleming Global Equities II	26.2

Source: FE Analytics

The five crown-rated fund has been a top quartile performer over three and five years despite its high weighting to the UK, returning 145.36 per cent since 2012.

It has struggled somewhat over one year and in a challenging 2016. Its return of 23.83 per cent last year was in line with the sector average of 23.33 per cent, placing it in the third quartile of performers, as the UK market lagged the ever-steady US and rebounding emerging markets.

The concentrated fund, which typically holds between 20 and 35 stocks and has a low turnover rate, is 8.5 per cent invested in Unilever, 7.7 per cent in Diageo and 6 per cent in London Stock Exchange Group.

The second largest fund on the list is the £1.39bn HL Multi Manager Special Situations run by Lee Gardhouse and Roger Clark.

Despite residing in the IA Global sector, the fund is predominantly invested in UK stocks and is benchmarked against the FTSE All Share index.

As a result, the fund has a 43.8 per cent weighting to UK equities, eighth highest among global funds, and has an 8 per cent weighting to CF Woodford Equity Income, 7.1 per cent in Majedie UK Equity and 5.2 per cent in Marlborough UK Micro Cap Growth.

Previous 1 2 3 Next

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